

VZCZCXYZ0000
RR RUEHWEB

DE RUEHIN #4193 3610849
ZNR UUUUU ZZH
R 270849Z DEC 06
FM AIT TAIPEI
TO RUEHC/SECSTATE WASHDC 3548
INFO RUEHBJ/AMEMBASSY BEIJING 6130
RUEHHK/AMCONSUL HONG KONG 7360

UNCLAS AIT TAIPEI 004193

SIPDIS

SIPDIS

DEPARTMENT FOR INR/R/MR, EAP/TC, EAP/PA, EAP/PD - DAVID FIRESTEIN
DEPARTMENT PASS AIT/WASHINGTON

E.O. 12958: N/A

TAGS: [OPRC](#) [KMDR](#) [KPAO](#) [TW](#)

SUBJECT: MEDIA REACTION: IRAN, TAIWAN'S ECONOMY

11. Summary: Taiwan's major Chinese-language dailies focused their coverage December 27 on the strong earthquake and aftershocks that rocked southern Taiwan Tuesday evening, and on Taiwan's high-speed rail system, which will formally start its trial run next week. Most papers also reported on inside pages that the Legislative Yuan's Procedural Committee agreed Tuesday to put the NT\$6.3 billion supplementary arms budget on the agenda for Friday's plenary session.

12. In terms of editorials and commentaries, a column in the pro-status quo "China Times" said Washington is still in need of a clear Iran policy. An editorial in the pro-independence "Liberty Times," Taiwan's largest-circulation daily, on the other hand, discussed Taiwan's economy, saying that in order for the island to achieve better economic development for the coming year, the Taiwan government needs to get rid of its previous administrative style which centers on "cross-Straits relations." End summary.

13. Iran

"The Bush Administration Still Lacks a Clear Iran Policy"

The "International Outlook" column in the pro-status quo "China Times" [circulation: 400,000] noted (12/27):

"... There seems to be no conclusive opinion yet with regard to what exactly Washington's Iran policy will be. If [Washington is to act] in accordance with James Baker's Iraq Study Group Report, the United States should engage with Iran, as it would be conducive [for Washington] to resolve the Iraq issue if it were able to coordinate with Iran. But President George W. Bush does not seem to be very interested in such an idea. Sources said neither Vice President Dick Cheney nor Secretary of State Condoleezza Rice supported the idea of engaging with Iran, so it is quite likely that Bush will not accept Baker's proposal. ...

"The U.S. government has every reason to loathe Iran, but it is in need of a clear and firm policy toward the country. The lack of a clear Iran policy has caused Washington to become stuck in a dilemma - it has neither adequate strength to shake and bring down Iran nor enough softness or capacity to tolerate it; Washington has been this way starting from the UN sanctions to the decision of whether or not it wants Iran and Iraq to cooperate with each other."

14. Taiwan's Economy

"Looking at Taiwan's Economy in 2007 at the Year's End"

The pro-independence "Liberty Times" [circulation: 600,000] editorialized (12/27)

"... But we believe human efforts can achieve everything. If the [Taiwan] government can get rid of the kind of administration that

centers on 'cross-Strait relations,' the objective of reaching an economic growth of 4.14 percent [in 2007] shouldn't be too difficult. ... As a result, on top of the moves to improve the island's domestic investment environment and to provide more incentives, the top priority for now is thoroughly to carry out 'proactive management,' [the new policy direction] announced by the President in his New Year's Day address for 2006. Over the past seven years, the government has paid excessive attention to the ideas proposed by the pro-unification faction, which have thus tilted the government policy toward opening [rather than management]. As a result, the ratio of Taiwan's overseas production has soared to nearly 45 percent this year, with the ratio [of overseas production] for information technology hardware products reaching as high as 93 percent. Such a development has consequently slashed the prices for Taiwan's exports, making the conditions for our country's external trade more unfavorable and rapidly suppressing new investment projects on the island. This is the major reason why our country's domestic consumption has cooled so much [this year]. ..."

WANG